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INFORMATIONAL NOTICE

TO: Enrolled Hospices

RE: Rate Changes Effective October 1, 2004

The Centers for Medicare and Medicaid Services (CMS) recently notified the department of the annual update of Medicaid hospice rates for federal fiscal year 2005. This notice serves to inform hospice providers of the revised rates that are effective for claims with dates of service from October 1, 2004 through September 30, 2005.

Payment for routine home care (revenue code 651) and continuous home care (revenue code 652) is based upon the geographic location where the service is furnished. Attached is a table identifying the Metropolitan Statistical Area (MSA) County/Rural regions, the corresponding MSA codes and wage indices. The reverse side of the table shows the revised wage component and unweighted amount to be used in the calculation of rates for routine home care and continuous home care for dates of service October 1, 2004 through September 30, 2005.

Rates for general inpatient care (revenue code 656) and inpatient respite care (revenue code 655) are based upon the MSA where the hospice provider is located. Rates for general inpatient and inpatient respite care will be updated and shown on the individual hospice provider's Provider Information Sheet. The Provider Information Sheets will be generated by the department and mailed to each hospice, once the updates have been completed.

If you have any questions concerning this notice, please contact your billing consultant in the Bureau of Comprehensive Health Services at 217-782-5565.

Anne Marie Murphy, Ph.D.
Administrator
Division of Medical Programs

FEDERAL FY 2005 REVISED HOSPICE RATES (10/01/04 – 09/30/05)

| STATE/COUNTY | MSA CODE | WAGE INDEX |
|---|---------------------|-------------------|
| ILLINOIS / McLean | 1040 | 0.9413 |
| ILLINOIS / Champaign-Urbana | 1400 | 1.0559 |
| ILLINOIS / Cook, DeKalb, DuPage, Grundy, Kane, Kendall, Lake, McHenry, Will | 1600 | 1.1609 |
| ILLINOIS / Henry, Rock Island; IOWA / Scott | 1960 | 0.9576 |
| ILLINOIS / Macon | 2040 | 0.8698 |
| ILLINOIS / Kankakee | 3740 | 1.1105 |
| ILLINOIS / Peoria, Tazewell, Woodford | 6120 | 0.9309 |
| ILLINOIS / Boone, Ogle, Winnebago | 6880 | 1.0302 |
| ILLINOIS / Clinton, Jersey, Madison, Monroe, St. Clair; MISSOURI / Franklin, Jefferson, Lincoln, St. Charles, St. Louis, St. Louis city, Warren | 7040 | 0.9628 |
| ILLINOIS / Menard, Sangamon | 7880 | 0.9533 |
| ILLINOIS / Rural | 9914 | 0.8797 |
| INDIANA / Rural | 9915 | 0.9405 |
| INDIANA / Terre Haute | 8320 | 0.8873 |
| IOWA / Rural | 9916 | 0.8970 |
| KENTUCKY / Rural | 9918 | 0.8498 |
| MICHIGAN / Rural | 9923 | 0.9469 |
| MINNESOTA / Rural | 9924 | 0.9944 |
| MINNESOTA / Minneapolis-St. Paul | 5120 | 1.1725 |
| MISSOURI / Rural | 9926 | 0.8411 |
| WISCONSIN / Rural | 9952 | 0.9916 |
| WISCONSIN / Milwaukee | 5080 | 1.0645 |

**CALCULATION OF REVISED FFY 2005 HOSPICE HOME CARE RATES
RATES EFFECTIVE 10/01/04 – 09/30/05**

| Revenue Code | Wage Component | Unweighted Amount |
|--------------|----------------|-------------------|
| 651 | \$83.92 | \$38.22 |
| 652 | \$489.35 | \$222.85 |

Below are the formulas and examples for calculating routine home care and continuous home care rates:

FORMULAS

ROUTINE HOME CARE (651)

MSA Wage Index
X Wage Component
= Base Rate
+ Unweighted Amount
= Daily Rate

CONTINUOUS HOME CARE (652)

MSA Wage Index
X Wage Component
= Base Rate
+ Unweighted Amount
= Daily Rate
Divided by 24
= Hourly Rate

EXAMPLES

ROUTINE HOME CARE (651)

| | | |
|-------------------|---|----------|
| MSA Code | | 1040 |
| Wage Index | | 0.9413 |
| Wage Component | x | \$83.92 |
| Base Rate | = | \$78.99 |
| Unweighted Amount | + | \$38.22 |
| Daily Rate | = | \$117.21 |

CONTINUOUS HOME CARE (652)

| | | |
|-------------------|---|---------------|
| MSA Code | | 1040 |
| Wage Index | | 0.9413 |
| Wage Component | x | \$489.35 |
| Base Rate | = | \$460.63 |
| Unweighted Amount | + | \$222.85 |
| Daily Rate | = | \$683.48 |
| | | Divided by 24 |
| Hourly Rate | = | \$28.48 |